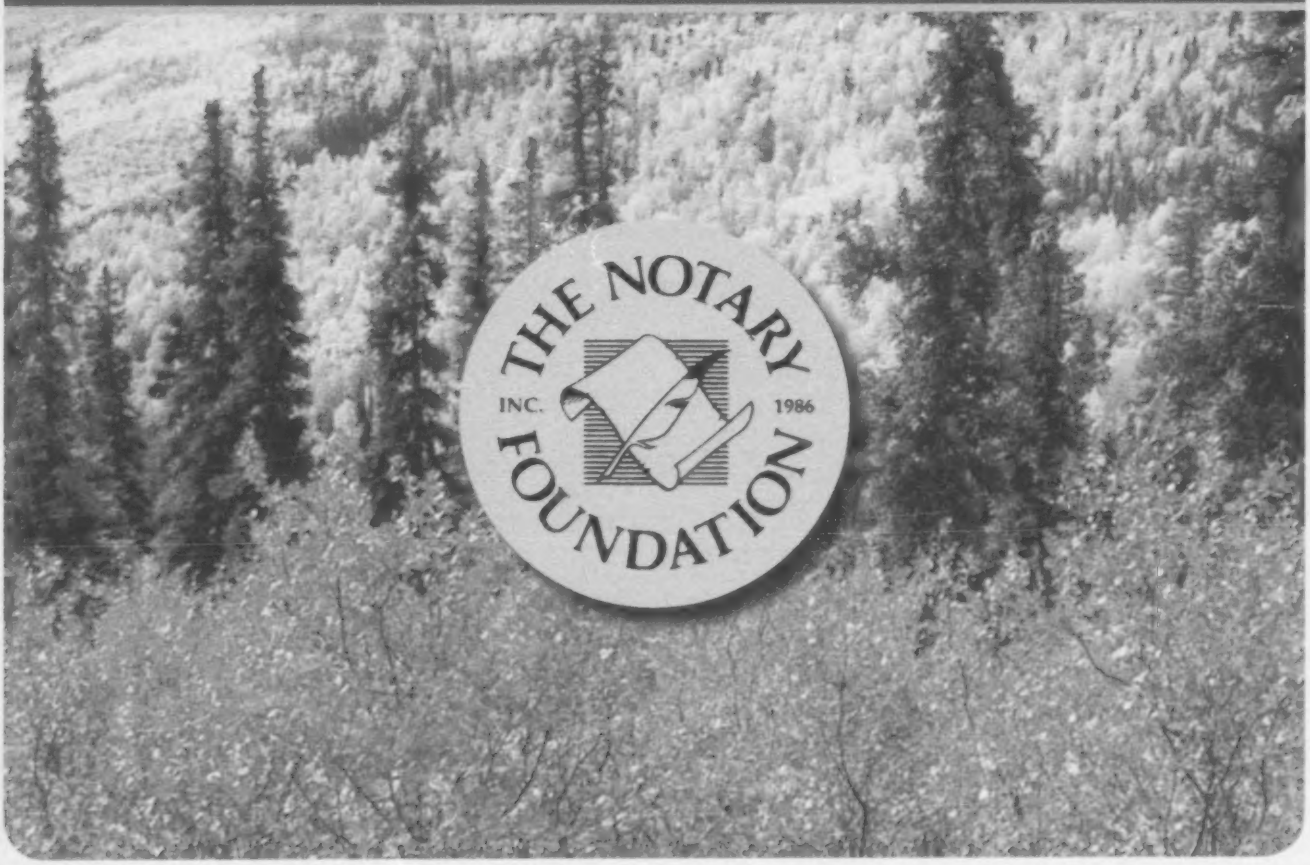
ANNUAL REPORT

2006

The Notary Foundation *of* British Columbia



MESSAGE FROM THE EXECUTIVE OFFICER

Wayne Braid

The Notary Foundation is celebrating 20 years!

The Foundation was created when the Provincial Legislature amended the *Notaries Act*, RSBC Chapter 334. Established in legislation in 1986, the Foundation began its first year of work in 1987.

As we head into 2007, this is a fitting time to review the accomplishments we are making through taking the interest provided on Notaries' trust accounts and *giving back to the community* in the form of funding.

- The Notary Foundation provides funds to the Legal Services Society and grants for law-related programs, education services, the training of new Notaries, and the continuing education of the members of The Society of Notaries Public of BC.
- The Foundation provides funds for legal services to individuals who are less fortunate. Those services include representation and access to information regarding a legal problem or situation.
- The funding for continuing education of our Society's members ensures the public that the profession of BC Notaries is up-to-date in the latest technologies, laws, and information.
- The Foundation funds many local community groups, as you will note later in this report. The resources allow them to serve their constituency with well-trained and organized volunteers.

In our first year of operation, our Foundation had revenues of $100,696. This year's revenue exceeds **$3.2 million**—a milestone for us!

In their objective to be accountable in the distribution of funds received by the Foundation, the Governors take the time to consider where programs will operate and who will benefit from them—and of course they make sure the programs fit within the mandate of the Notary Foundation.

Our Board focuses on funding applications for programs that will benefit the entire province.

My work takes me into many offices and allows me to deal with various organizations and institutions. I must thank all the financial partners who work with us to maximize our returns to enable us to do our work.

We are also allied with ACLF—the Association of Canadian Law Foundations. Being part of this organization brings us into close contact with the other foundations across Canada, allowing the Notary Foundation to share ideas, material, and resources and to look at the differences and the similarities of each foundation program in each province.

ACLF has developed into a productive and important part of providing a forum for discussion regarding funding for Public Legal Education, *Pro Bono* work, and many other topics of interest to Canadians.

This year, we say farewell to Leta Best, Chair of our Foundation for the past 2 years. She has provided tremendous leadership.

Leta is an avid supporter of our Foundation and an advocate for programs that provide support to the people in our province who need it the most. Thank you, Leta!

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ABOUT THE NOTARY FOUNDATION OF BC

This nonprofit organization was closely modelled after the Law Foundation of British Columbia, formed in 1969, the first law foundation in North America. Almost every other law foundation on the continent is based on that model.

The Notary Foundation's revenue comes from interest paid on clients' funds held in Notaries' trust accounts in financial institutions. The source of the interest is generally real estate transactions.

Because the monies are usually held for a very short time, the cost of investing the funds for clients is not economically viable. When the funds are *pooled*, however, the financial institutions profit from being able to use them and the institutions pay interest to our Foundation.

The Legal Services Society automatically receives 55 percent of the Notary Foundation funds, which they spend within their mandate and their objective to provide Legal Aid in the province.

In addition to grants, the Foundation funds 2 scholarships and 2 bursaries each year for individuals attending university (currently limited to UBC), who are taking certain law-related courses.

Our Governors are elected for 3-year terms. Traditionally, the Immediate Past President of The Society becomes the Chair of the Notary Foundation, serving for a 2-year term.

Of the 11 members of the Board, 8 are elected from the Directors of The Society. The Attorney General appoints 3 others, 1 of whom is always a representative from the AG's office. Wayne Braid is the Executive Officer.

The Board's diligent Grants Committee carefully reviews all applications for funding prior to presenting them to the Board.

To be considered, a grant application must qualify under the Foundation's mandate and must be intended for legal research, legal aid, law reform, or a law library.

Grants are usually given only to not-for-profit organizations.

The Foundation is a project funder, not a core funder.

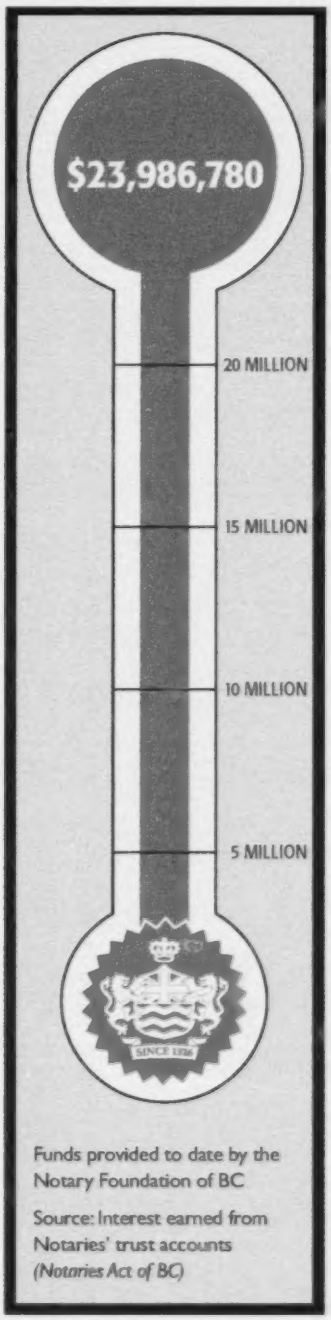
"The Notary Foundation likes to fund projects," says Wayne Braid. For example, if a group needs money to build a Website, we would like to help them with it. Although we may provide seed money to get a project going, it is always with the understanding that they will make it self-sustaining.

"Our pet project for the last couple of years has been helping students in community colleges and university colleges.

"When we identified a need to help the people who work in legal offices or for the government or in the legal departments of corporations, we approached a few colleges. We have established some scholarships and bursaries for legal assistant programs and legal administrator programs.

"This is a wonderful project. There are some very fine colleges in this province."

THE BOARD OF GOVERNORS OF THE NOTARY FOUNDATION



Funds provided to date by the Notary Foundation of BC

Source: Interest earned from Notaries' trust accounts *(Notaries Act of BC)*

At June 30, 2006

Leta C. Best: Chair
William G. Anderson
Susan Davis
Christopher W. Dupuis
Laurie Salvador
Ken Sherk
Larry Stevens, Sr.
George J. Tanco
Robert Adamson: the Attorney General's Representative
Jennifer L. Harry: Director-at-Large
Wayne Strandlund: Director-at-Large

The Governors of the Foundation have the responsibility of guiding the Foundation in its mandate to disperse the funds generated by interest on Notaries' trust accounts for the following purposes.

1. Legal education
2. Legal research
3. Legal aid
4. Education and continuing education for Notaries and applicants for enrollment as Notaries
5. Establishing, operating, and maintaining law libraries in BC
6. Contributions to the special fund established under the *Notaries Act of BC*

G. W. (Wayne) Braid, Executive Officer of the Foundation, is responsible for the administration of the office, the staff, and the diverse investment funds of the Foundation.

The Board of Governors meets quarterly to consider applications for funding from various organizations, to set policy, review the Foundation's financial status, and provide direction for the administration of the Foundation.

MESSAGE FROM THE CHAIR

Leta Best

The Notary Foundation is currently in its 20th year of operation. During that time, the Foundation has had the privilege of administering approximately **$23,986,780** generated from funds held in trust by BC Notaries.

This year was a record year for interest income.

Due to Wayne's continuing and outstanding efforts to persistently negotiate and re-negotiate our contracts with the financial institutions, this year's income from interest on our trust accounts was **$3,299,473**.

I would like to publicly thank our Financial Partners for their continued support of the Notary Foundation and its programs through interest rates paid on our trust accounts. Without the support of the financial institutions, we would not have the funds available for the Legal Services Society of British Columbia, legal education, legal research, maintaining law libraries, and education for our Notaries.

Since the inception of the Notary Foundation we have contributed over $**13,902,785** to the Legal Services Society of British Columbia. As well we have provided many organizations in our province with funding.

I wish to extend my deep gratitude to the members of the Board of Governors for all their work on behalf of the Foundation.

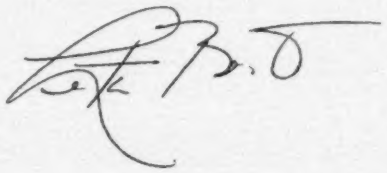
Finally, a special mention.

Wayne Braid has been invaluable in reviewing policies and procedures and securing new agreements with the banks to ensure that our level of funding is optimized. He also works with the education facilities of our province to put these funds to use.

It has been my pleasure to be your Chair of the Notary Foundation the past 2 years. Two distinct areas come to mind when I reflect on that timeframe.

- One is the ability of our Foundation to be able to give back so much to the community in scholarships, endowments, and bursaries. We should be very proud of our ability to help the next generation and, in the course of giving these funds, enhance our visibility in our communities.
- The second is just how much our Foundation can contribute to the IOLTA (Interest On Lawyers' Trust Accounts) programs, not only in Canada but in the United States, as well.

  We are a small membership but we rank among the highest of all IOLTA foundations in North America in the amount of dollars raised and contributed to legal services, grants, and law libraries. In addition, we are able to fund the education of our own members and candidates.



Notary Foundation Chair
2005–2006

NOTARY FOUNDATION GRANTS

RECIPIENTS: JULY 1, 2005, to JUNE 30, 2006

- Advocacy Centre
- Alex Kwai Kit Chan, Individual Bursary
- Alzheimer Society of BC
- Amy Ka Wai Yeung, Individual Bursary
- BC Coalition of People with Disabilities
- BC Coalition to Eliminate Abuse of Seniors
- BC Freedom of Information and Privacy Association
- BC Human Rights
- BC Law Institute
- BC Liberties Association
- BC Non-Profit Housing Association
- British Columbia Courthouse Library Society
- Camosun College Foundation
- Capilano College Foundation
- Core Conflict Resolution Society
- Douglas College Foundation
- Downtown Eastside Residence
- GVP Victim Services
- Irina Zaharia, Individual Bursary
- Jamie Soo, Individual Bursary
- Kwantlen University College
- Langara College Foundation
- Legal Services Society of British Columbia
- Multiple Sclerosis Society of Canada
- Navigation for Change
- North Shore Community Resources
- Open Learning Agency
- Penticton and Area Women's Centre
- Prince George Housing Coalition
- Prince Rupert Restorative Justice Program
- Pro Bono Law of BC
- Program on Dispute Resolution
- Representation Agreement Resource Centre
- SCOW Institute
- Sunshine Coast Women's Resources Society
- Tenants Rights Action Coalition
- The People's Law School
- Together Against Poverty (TAPS)
- University of Victoria, Faculty of Law
- Vancouver City College Foundation
- Vancouver Law School
- West Coast Domestic Workers' Association
- West Coast Environmental Law
- West Coast LEAF
- YWCA Crabtree Corner
- YWCA Family Mediation Practicum

The BC Notary Public stands proudly among all legal professionals, a combination of integrity, experience in business, and specialized legal education.

BC Notary career training involves an intensive, multiphased program that combines a home-study course administered by The Society of Notaries Public—in cooperation with the Sauder School of Business at the University of British Columbia—with a series of seminars directed and supervised by The Society.

The 16-month home-study course focuses on the academic and practical aspects of notarial practice and procedures.

The training is preparation for the statutory examinations set by the Board of Examiners who are appointed by the Attorney General of British Columbia.

A further series of postexamination seminars and the Oath of Office before a Judge of the Supreme Court of British Columbia complete the requirements for membership in The Society of Notaries Public of British Columbia.

Several awards are offered annually by the Notary Foundation to students who excel in specific areas of the statutory examinations of the BC Notary Preparatory Course.

- The **Dr. Bernard W. Hoeter Award** is awarded to the student who achieves the highest overall marks on the BC Notary examinations.
- The **Stanley J. Nicol Award** is awarded to the student who attains the highest marks on the Notarial Procedures exam of the statutory examinations.
- The **UBC Award (Real Estate Division)** is awarded to the student with the highest marks on the Conveyancing examination.
- The **BDO Dunwoody Award** is awarded to the student who has had the most consistent marks during the UBC course assignments and on the statutory examinations.

2006 Awards

Dr. Bernard W. Hoeter Award:	Lu Hong
Stanley J. Nicol Award:	Jimmy Chong and Olive Mclean
UBC Award (Real Estate Division):	Wendy Shum
BDO Dunwoody Award:	David Watts

Notary Foundation of British Columbia
Financial Statements
For the year ended June 30, 2006

Notary Foundation of British Columbia
Financial Statements
For the year ended June 30, 2006

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BDO Dunwoody LLP
Chartered Accountants

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Auditors' Report

To the Members of the
Notary Foundation of British Columbia

We have audited the Statement of Financial Position of the Notary Foundation of British Columbia as at June 30, 2006 and the Statements of Operations and Changes in Net Assets for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Vancouver, British Columbia
August 11, 2006

Notary Foundation of British Columbia
Statement of Financial Position

June 30	General Fund	Education and Administrative Fund	Grants Fund	2006	2005
Current Assets					
Cash (Note 2)	$ 572,119	$ -	$ -	$ 572,119	$ 290,885
Accounts receivable	389,965	-	-	389,965	180,001
Prepaid expenses	-	18,394	-	18,394	27,119
	962,084	18,394	-	980,478	498,005
Investments (Note 3)	926,198	-	-	926,198	639,957
	$ 1,888,282	$ 18,394	$ -	$ 1,906,676	$ 1,137,962
Current Liabilities					
Accounts payable and accrued liabilities (Note 4)	$ 553,574	$ 135,916	$ -	$ 689,490	$ 334,991
Interfund balances	1,334,708	(802,095)	(532,613)	-	-
	1,888,282	(666,179)	(532,613)	689,490	334,991
Due to the Society of Notaries Public of British Columbia (Note 6)	-	27,267	-	27,267	27,267
Net assets	-	657,306	532,613	1,189,919	775,704
	$ 1,888,282	$ 18,394	$ -	$ 1,906,676	$ 1,137,962

Approved by The Board of Governors:

_____ Governor

_____ Governor

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

Notary Foundation of British Columbia
Statement of Operations and Changes in Net Assets

For the year ended June 30	General Fund	Education and Administrative Fund	Grants Fund	2006	2005
Revenues					
Interest earned on members' trust accounts	$ 3,299,473	$ -	$ -	$ 3,299,473	$ 1,333,576
Investment income	13,529	-	5,993	19,522	54,330
	3,313,002	-	5,993	3,318,995	1,387,906
Expenses (Note 5)					
Education and Administrative Fund - Schedule	-	901,933	-	901,933	848,486
Grants Fund	-	-	177,400	177,400	201,513
Legal Services Society of British Columbia	1,825,447	-	-	1,825,447	743,348
Society of Notaries Public of British Columbia - Special Fund	-	-	-	-	20,000
	1,825,447	901,933	177,400	2,904,780	1,813,347
Excess of revenue over expenses (expenses over revenue)	1,487,555	(901,933)	(171,407)	414,215	(425,441)
Net assets, beginning of the year	-	397,591	378,113	775,704	1,201,145
	1,487,555	(504,342)	206,706	1,189,919	775,704
Transfer (to) from Education and Administrative Fund	(1,161,648)	1,161,648	-	-	-
Transfer (to) from Grants Fund	(325,907)	-	325,907	-	-
Net assets, end of year	$ -	$ 657,306	$ 532,613	$ 1,189,919	$ 775,704

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

Notary Foundation of British Columbia
Summary of Significant Accounting Policies

June 30, 2006

Reliance on Interest Earned From Trust Accounts Held With Financial Institutions

The terms of the Notary Foundation of British Columbia ("Foundation")'s mandate obligates notary members to ensure their trust accounts are administered by specified financial institutions ("institutions"). Periodically, these institutions are required to remit interest earned by the trust accounts to the Foundation. The interest rates applied are negotiated with the Institutions by the Foundation and income is recognized based on interest remitted by the respective institutions. Therefore, the Foundation is unable to determine the amount of interest that may be accruing until such time as the amounts are received from the individual financial institutions.

Financial Instruments

The Notary Foundation of British Columbia's (the "Foundation") financial instruments consist of cash, accounts receivable, investments, accounts payable, accrued liabilities, and amounts owing to/from related parties. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of financial instruments with the exception of amounts owing to/from related parties approximate their carrying values due to short term maturities and/or market rate of interest. The fair values of amounts owing to/from related parties are not practical to determine.

Investments

Investments consist of fixed income and marketable securities and are stated at cost. Where the market value of investments has declined below carrying value for a period which in management's opinion is other than temporary, those investments have been written down to market value.

It is the Foundation's mandate to invest with a view to protect capital risk and well diversified assets which support expenditures made by the Foundation; these assets include Canadian securities such as government and corporate bonds, commercial paper, treasury bills, cash or cash equivalents, and Canadian and foreign equities.

Recognition of Revenue

The interest earned on notaries' general trust accounts is calculated and remitted to the Foundation based upon agreements made with individual financial institutions. The trust accounts are not the property of nor are they administered by the Foundation. The interest earned on notaries' general trust accounts held in financial institutions is recognized by the Foundation on a cost basis.

The Notary Foundation assumes that all notaries who hold funds in trust for or on account of clients comply strictly with Section 54 of the Notaries Act. Compliance is confirmed by regular annual audit examinations of the notaries' trust accounts.

Recognition of Revenue - continued

Investment income is recognized on the cost basis.

Recovery of expenses through Foundation activities is recognized on the accrual basis of accounting.

Recognition of Expenses

Grants are recorded in the Foundation's accounts in the year of authorization. Liabilities owing to Legal Services Society and Society of Notaries Public of British Columbia (Note 5) have been accrued in the accompanying financial statements. These grants are recorded in the Foundation's accounts in the year of authorization.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

June 30, 2006

1. Organization and Income Tax Status

The Notary Foundation of British Columbia ("the Foundation") was established in 1986 under Section 50 of the Notaries Act. The Foundation is a not-for-profit corporation which receives funding from interest earned on the pooled Trust Funds of the notaries.

The purpose of the Foundation is to establish and maintain funds to be used for the purpose of:

- legal education, legal research and legal aid
- education and continuing education for notaries and applicants for enrolment as notaries
- establishing, operating and maintaining law libraries in the Province of British Columbia, and
- contributing to the Special Fund established under Section 20 of the Notaries Act but solely for the purpose of increasing the principal amount of this Fund to $500,000, as the limit has been reached, the excess amount is transferred to the Legal Services Society of British Columbia.

These financial statements have been prepared on the restricted fund method of accounting for not-for-profit entities. The Foundation, as a result of its not-for-profit status, is not subject to income taxes.

2. Cash

The Foundation's cash is held in Canadian chartered banks and a national investment management company. The accounts earn interest at prevailing rates.

3. Investments

Investments are comprised of:

	June 30, 2006	
	Cost	Market
Bonds and debentures	$ 319,919	$ 337,333
Equities	277,518	313,860
Short-term bonds and debentures	328,761	327,063
	$ 926,198	$ 978,256

	June 30, 2005	
	Cost	Market
Bonds and debentures	$ 240,032	$ 248,009
Equities	291,080	316,931
Short-term bonds and debentures	108,845	108,845
	$ 639,957	$ 673,785

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities pertain to the allocation of revenue less expenditures and are comprised of the following:

	2006	2005
Legal Services Society of British Columbia		
Balance, beginning of period	$ 306,828	$ 89,701
Earned revenue from General Fund	1,825,447	743,348
Payments to Legal Services Society of British Columbia	(1,578,701)	(526,221)
	553,574	306,828
Education and administrative payables	135,915	28,163
Balance, end of the year	$ 689,489	$ 334,991

5. Expenses

Funds received by the Foundation are to be disbursed as follows:

a) 50% to be paid to the Legal Services Society of British Columbia.

b) 5% to be paid to the Special Fund which is administered by the Society of Notaries Public of British Columbia (Note 1). The minimum amount that can be paid to the Special Fund is $20,000 or 5% as determined by requirements within the Notaries Act. Any excess amounts are to be allocated to the Legal Services Society of British Columbia (see previous paragraph).

c) 10% to be used for legal education, legal research and the establishing, operating and maintaining of law libraries in the Province of British Columbia (Grants Fund).

d) 35% to be used for education and continuing education of notaries and notarial applicants and salary and administrative expenses (Education and Administrative Fund). All of these expenses are being advanced by the Society of Notaries Public of British Columbia and accordingly all disbursements from the Education and Administrative Fund are made directly to the Society of Notaries Public of British Columbia.

6. Due to the Society of Notaries Public of British Columbia

The amount due to the Society of Notaries Public of British Columbia is unsecured, non-interest bearing and has no specific terms of repayment. The Society has indicated that it will not request payment of the amount within the next fiscal year. Consequently, the amount has been classified as non-current in the accompanying financial statements.

7. Commitments

The Foundation has entered into a lease commitment for premises. The minimum annual payments for the next year is $30,730.

8. Statement of Cash Flows

A cash flow statement is not presented since the cash flow information is readily apparent from other financial statements or is adequately disclosed in the notes to the financial statements.

Notary Foundation of British Columbia
Schedule of Education and Administrative Fund Expenses

For the year ended June 30	2006	2005
Education and course development	$ 478,154	$ 440,066
Equipment rental	7,242	10,007
Government relations	-	7,689
Insurance	11,210	7,303
Magazine, net of cost recovery	69,355	87,924
Miscellaneous	2,537	13,738
Office and supplies	14,940	15,601
Practice advisory	-	2,773
Professional fees	6,680	13,325
Rent and utilities	36,268	32,805
Telephone and communication	33,208	17,398
Travel, meetings and honouariums	55,391	52,464
Wages and benefits	186,948	147,393
	$ 901,933	$ 848,486

NOTES

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of British Columbia

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